

ANSWERING SERVICE TAILORS TECHNOLOGY, CONTINUES RAPID GROWTH

By Robert T. Williamson and Shelley L. Cook

One of the best compliments a client can give Appletree Answering Service's owner and founder John Ratliff is that the consumer public does not know the company exists. Appletree, a telemessaging company using live agents who answer calls with a customized greeting, strives to tailor technology to meet the needs of individual clients, allowing Appletree to become a true client extension, not just an answering service.

Since its founding in 1995, the Wilmington-based company has grown to 300 employees and earned \$7.5 million in revenue in 2006. Projections call for the company to hit \$13 million in 2007. Appletree began as a one-man operation in Ratliff's apartment and now operates in 12 locations. That growth has come about in part through a loan guaranteed by the U.S. Small Business Administration and counseling from SCORE—Counselors to America's Small Business—and the Small Business Development Center.

One of Appletree's keys to success is its heavy investment in technology—over \$2 million—in an industry still dominated by low-tech or no-tech mom-and-pop firms. Appletree's interactive computer system allows each client to customize its calls. Effective employee training, high levels of customer service and quality set Appletree apart from competition. A heavy investment in its management structure gives employees the opportunity for advancement if they become proficient with customer service and technical components.

Investments in technology and human capital fostered Appletree's growth and led to recognition for both its growth and service quality. In 2004, Appletree earned the national award for service excellence from the Association of TeleServices Industries and in 2006, each of Appletree offices won ATSI's Award of Excellence. Inc 500 named the company one of America's fastest growing private companies for 2004-2006. Philly 100 also recognized Appletree as one of the Philadelphia region's 100 fastest growing companies in 2004, 2005 and 2006. Most recently, Ratliff, nominated by WSFS Bank, was named the 2007 Entrepreneur of the Year by the New Castle County Chamber of Commerce.

Founder John Ratliff, a native of Chadds Ford, Pa., graduated from the University of Delaware with degrees in finance and marketing in 1992. He briefly worked as an agent for Metrophone before opening a cellular phone agency in May 1993 and a second location in 1994.

In the first few years, Ratliff said he operated Appletree 24 hours a day, seven days a week, sometimes going six or seven weeks without leaving his apartment. He paid family and friends peanuts to work two or three hours at a time so he could get some sleep.

“Sleep was secondary,” Ratliff said. “I would try and sleep between calls during the overnight shift, but the more we grew the harder that became.”

However, he was determined to make Appletree work. By the end of the first year, the company generated \$135,000 in revenue. By the end of the second year, Appletree had 10 employees.

Appletree steadily built its client base by focusing on the goal of exceeding the client’s expectations in value, either in saved labor costs or increased revenue. Clients mostly included small business service providers, such as property management firms, electricians, plumbing and heating companies or medical service providers.

The firm generated \$414,000 in revenue by 1999. Although the firm grew, Ratliff was maxing out credit cards and still personally handling a large number of calls. Ratliff got the financial assistance he needed when Citizens Bank made an SBA guaranteed 7(a) loan for a \$50,000 line of credit. Using the loan, Appletree added a state of the art telecom system and YellowPage Advertising.

“That line of credit was the critical link in keeping us afloat during a period of rapid growth,” Ratliff said.

The 7(a) program through which Appletree obtained its line of credit is SBA's primary lending program. It targets small businesses unable to secure financing on reasonable terms through conventional lending channels. The program operates through private-sector lenders who provide loans that are, in turn, guaranteed by the SBA. The maximum loan amount is typically \$2 million, however, the maximum dollar amount of the SBA guaranty is generally \$1.5 million.

Appletree has since acquired 11 companies and today boasts locations in eight states and Puerto Rico, as well as its headquarters in Delaware. Appletree has maintained at least 30 percent growth in revenue for each of the past eight years. Compliments aside, its clients can’t help but notice Appletree’s presence at this rapid growth rate.

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